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Report Highlights:

Financial Program for the Sugar Industry*New Estimated Prices for Softwood

Plywood*Government Citrus Forum

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the US agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing US agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the US Embassy's, or any other US Government agency's point of view or official policy.

FINANCIAL PROGRAM FOR THE SUGAR INDUSTRY

Local newspapers reported that after several months of delay, the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA), and the Secretariat of Treasury (SHCP) announced a new financial program for the sugar industry. This program will help the management of sugar inventories and support payments for the sugar cane workers during MY 2000/01. Bancomext, Mexico's EXIMBANK, will finance the sugar mills with US\$250 million in pesos through December 10, 2001. The guarantee will be approximately one to 1.2 million MT of sugar. Sugar mills will provide sugar deposit certificates to the banks. Some sugar mills, however, do not agree with the credit conditions of Bancomext because the sugar will be financed at 70 percent of its value. One of the main purposes of this program is to enable sugar mills to pay debts already due and other debts with sugar cane workers for MY 2000/01. Another objective of the program is to reorganize the domestic market, increase sugar domestic prices, and subsequently have more resources to pay the sugar cane workers. (Source: *Reforma, El Financiero*, 6/5/01)

NEW ESTIMATED PRICES FOR SOFTWOOD PLYWOOD

Wood products importers and the Office of Agricultural Affairs in Mexico have repeatedly lobbied the Secretariat of Treasury (SHCP) to have different estimated prices for softwood plywood depending on the quality of the product, because different qualities had the same estimated price. The Mexican government created the concept of "estimated prices" intended for goods that were being imported at a price below the prevailing market prices - under invoicing. The SHCP agreed to the request and announced on June 6, 2001, two different estimated prices for softwood plywood (H.S.# 4412.19.02) based on quality. For Plywood quality "A" and "B," and its combinations, the price will be US\$0.600/kg. For Plywood quality "C" and lower, and its combinations, the price will be US\$0.410/kg. Before this change, all softwood plywood had a reference price of US\$0.600 per kilogram. This announcement takes effect on June 7, 2001. (Source: FAS/Mexico City, *Diario Oficial*, 06/06/01)

GOVERNMENT CITRUS FORUM

On May 30, 2001, key members of the Agricultural Committee of Mexico's House of Representatives met with a variety of leaders of the Mexican citrus industry to discuss the overall conditions for citrus production, marketing, NAFTA, and the status of Citrus Tristeza Virus

(CTV) in Mexico. The President of the Agricultural Committee, Mr. Jaime Rodríguez, presided over the meeting along with other officials from the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA), Secretariat of Economy (SE) and the University of Chapingo. Citrus producers, representatives of citrus organizations, and state government officials were present. The main concern of producers expressed during the meeting is the availability of credit, especially for purchasing disease tolerant planting stock. Also, they asked for more information on the status of all government programs available to the citrus industry, including the program to control CTV in Mexico. For additional information see Report MX1078. (Source: FAS/Mexico City)

RECENT REPORTS SUBMITTED BY FAS/MEXICO

Report#	Title	Date Sent
MX1083	Weekly Highlights & Hot Bites, Issue #18	05/31/01
MX1078	Domestic Citrus Conference	06/07/01